Message Text

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC 6270

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY MADRID

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E.O. 11652: N/A TAGS: PINT PO

SUBJ: CDS CALLS FOR CABINET CHANGES

REF: (A) LISBON A-139; (B) LISBON 4665

SUMMARY: THE CENTER DEMOCRATIC PARTY NATIONAL COUNCIL JULY 8 CALLED FOR CABINET CHANGES IN THE AGRICULTURE MINISTRY AND FOR A REDEFINITION OF RELATIONS BETWEEN PRESIDENT EANES AND THE GOVERNMENT. THE CENTER DEMOCRATS HAVE BEEN PUSHING FOR CHANGES IN THE AGRICULTURE MINISTRY FOR MONTHS WITH LITTLE SUCCESS, BUT GIVEN STEPPED-UP PRESSURE FROM THE PARTY RANK-AND-FILE, THE CDS WENT PUBLIC WITH ITS GRIEVANCES. BOTH SOCIALISTS AND LIMITED OFFICIAL USE

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CENTER DEMOCRATS HAVE A STRONG INTEREST IN PRESERVING THE PS-CDS GOVERNMENT AND WILL BE WORKING OVER THE NEXT TWO WEEKS TO RESOLVE THEIR DIFFERENCES. END SUMMARY.

1. CDS CALLS FOR CABINET SHAPE-UP: THE CDS NATIONAL COUNCIL MEETING IN LISBON JULY 8 CALLED FOR REDEFINITION OF GOVERNMENT RELATIONS WITH THE PRESIDENT AND FOR A CABINET CHANGE IN THE

AGRICULTURE MINISTRY. THE CENTER DEMOCRATIC PARTY COMMINIQUE STATED THAT CDS PARTICIPATION IN THE PS-CDS GOVERNMENT DEPENDED ON PROPER FUNCTIONING OF THE AGREEMENT BETWEEN THE TWO PARTIES AND THE CONTINUED SUPPORT OF THE PRESIDENT OF THE REPUBLIC. THE CDS NATIONAL COUNCIL APPROVED UNANIMOUSLY THE FOLLOWING POLICY RECOMMENDATIONS TO ITS POLITICAL COMMITTEE:

- --THAT MEASURES BE TAKEN TO IMPROVE AND DEFINE RELATIONS BETWEEN PRESIDENT AND THE GOVERNMENT;
- --THAT A CABINET REORGANIZATION BE PROPOSED TO THE PRIME MINISTER AFFECTING THE AGRICULTURE MINISTRY;
- --THAT THE GOVERNMENT DIALOGUE BE INTENSIFIED WITH ECONOMIC INTEREST GROUPS;
- --THAT DELAYS BE ELIMINATED IN IMPLEMENTATION OF THE PS-CDS AGREEMENT.

IN A TELEVISION INTERVIEW, CDS PRESIDENT FREITAS DO AMARAL SAID THE CABINET REORGANIZATION SHOULD BE ACCOMPLISHED "RAPIDLY." CDS VICE PRESIDENT AMARO DA COSTA TOLD THE PRESS THAT PRESIDENT EANES'S APRIL 25 SPEECH, RECENT CRITICISMS OF THE GOVERNMENT BY THE CHURCH HIERARCHY, HEAVY PRESS CRITICISM OF THE GOVERNMENT, AND STANDS BY BUSINESS GROUPS HAD FORCED THE CDS TO RE-EVALUATE ITS POSITION . DA COSTA SAID THAT PRESIDENT EANES HAD NOT MET WITH CDS PRESIDENT AMARAL SINCE LAST MAY. (THE TWO FORMERLY MET REGULARLY.) CDS MINISTER OF ADMINISTRATIVE REFORM RUI PENA SAID HIS PARTY WAS CONCERNED OVER GOVERNMENT FAILURE TO IMPLEMENT THE AGRARIAN REFORM LAW AND THE LAW ON COMPENSATION FOR NATIONALIZED PROPERTIES. LIMITED OFFICIAL USE

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- 2. NEXT STEPS: MARIO SOARES RETURNED FROM HIS HOLIDAYS TO MEET WITH FREITAS AMARAL AT MIDNIGHT JULY 9. AMARAL WILL ASK TO MEET PRESIDENT EANES JULY 10 TO DISCUSS RELATIONS BETWEEN THE CDS AND THE PRESIDENCY. AMARAL SAID THAT THE PS AND CDS WOULD SEEK TO WORK OUT THEIR DIFFICULTIES. THE SOCIALIST PARTY SECRETARIAT IS SCHEDULED TO MEET JULY 15 AND THE CDS NATIONAL COUNCIL WILL MEET AGAIN JULY 22.
- 3. ADDITIONAL PRESSURES ON GOVERNMENT: THE PAST WEEK PRODUCED ADDITIONAL PRESSURE ON THE GOVERNMENT:

 --CAP DEMONSTRATORS: THE PORTUGUESE CONFEDERATION OF FARMERS, ON JULY 9, HELD A FIVE MILE MARCH IN BENEDITA, ONE HOUR NORTH OF LISBON. CAP LEADERS CRITICISED THE ABSENCE OF GOVERNMENT AGRICULTURE POLICY AND ACCUSED THE CDS OF BELATEDLY RECOGNIZING THE CORRECTNESS OF CAP POSITIONS.

 --BARRETO CRITICISM OF GOVERNMENT: FORMER AGRICULTURE MINISTER ANTONIO BARRETO CRITICIZED THE GOVERNMENT'S AGRICULTURE POLICY IN AN INTERVIEW GIVEN TO THE PORTUGUESE-COMMUNITY PRESS IN THE U.S. DURING HIS RECENT IVP VISIT. BARRETO LABELLED THE PS-CDS GOVERNMENTAL AGREEMENT "UNCOMPLETE AND POORLY PREPARED." (THE HEAVY PUBLICITYGIVEN BARRETO'S REMARKS BY THE CONSERVATIVE

PRESS HERE GENERATED A FLOOD OF CRITICISM OF BARRETO BY THE LISBON, PORTALEGRE AND VILLA REAL DISTRICT FEDERATIONS OF THE SOCIALIST PARTY.)

4. COMMENT: THE CDS HAS KEPT QUIET OVER ITS DIFFICULTIES WITH THE AGRICULTURE MINISTRY FOR SEVERAL MONTHS WITH THE UNDERSTANDING THAT THESE DIFFICULTIES WOULD BE RESOLVED IN TIME. (REFS A AND B). HAVING FAILED TO GET SATISFACTION, HOWEVER, AND GIVEN GROWING PRESSURE FROM THE CDS RANK-AND-FILE AND THE PARTY'S NORMAL BASE OF SUPPORT - SMALL FARMERS, THE CHURCH, AND BUSINESSMEN - THE CDS FELT COMPELLED TO GO PUBLIC WITH ITS GRIEVANCES. BOTH SOCIALISTS AND CENTER DEMOCRATS HAVE A STRONG INTEREST IN PRESERVING THE PS-CDS GOVERNMENT AND WILL BE WORKING OVER LIMITED OFFICIAL USE

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THE NEXT SEVERAL WEEKS TO RESOLVE THEIR DIFFERENCES. BLOOMFIELD

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